

VZCZCXYZ0012

OO RUEHWEB

DE RUEHMO #0716/01 0741439

ZNY CCCCC ZZH

O 141439Z MAR 08

FM AMEMBASSY MOSCOW

TO RUEHC/SECSTATE WASHDC IMMEDIATE 7139

INFO RUCNCIS/CIS COLLECTIVE PRIORITY

RUEHXD/MOSCOW POLITICAL COLLECTIVE PRIORITY

C O N F I D E N T I A L MOSCOW 000716

SIPDIS

SIPDIS

E.O. 12958: DECL: 03/14/2018

TAGS: [PREL](#) [PGOV](#) [AJ](#) [RS](#)

SUBJECT: RUSSIA-AZERBAIJAN RELATIONS BACK ON TRACK DESPITE
IRRITANTS

Classified By: Political M/C Alice G. Wells.
Reasons 1.4 (B/D).

1. (C) Summary. After setbacks in recent years, Russia-Azerbaijan relations -- while scratchy -- are back on track and steadily growing. Both GOR officials and the Azerbaijan Embassy characterized the relationship as "a good partnership based on pragmatism." The February 21 Putin - Aliyev meeting on the margins of the CIS informal summit covered the two thorny issues -- the Nagorno-Karabakh conflict and Russia's growing xenophobic tendency, but the labor drain in Azerbaijan partly caused by Russia's new immigration law was cited as another irritant in the relationship. On Nagorno-Karabakh, the GOR has expressed opposition to the Azeri draft to move the conflict out of the Minsk Group to the UN. Analysts concluded that Azerbaijan's potential to compete with Russia economically, combined with some shrewd Azeri diplomacy, has provided Azerbaijan a level of autonomy from Moscow unique among CIS members. End summary.

Not Simple but Pragmatism Wins

12. (C) MFA Azerbaijan Desk Chief Borisov told us that Russia and Azerbaijan had developed "a good partnership based on pragmatism and flexibility." Although bilateral trade remains small, reaching only USD 1.7 billion in 2007, it is steadily growing with Russian industrial machinery and Azeri agricultural goods topping the list of trade items. He predicted that the October 2008 presidential election in Azerbaijan would not change the relationship, with Aliyev sure to be re-elected with a large margin.

13. (C) Borisov argued that the Azeri leadership's obsession with the Nagorno-Karabakh conflict colored the overall bilateral relationship, with the Azeris often leveling criticism against Russia's "pro-Armenia" policy. Borisov affirmed that Russia had a "different level" of relationship with the two countries. Noting the positive dynamics and good working relationship among Minsk Co-Chairs, Borisov registered opposition to the February 20 Azeri UN draft to move the Nagorno-Karabakh conflict out of the Minsk Group to the UN -- a point that DFM Karasin reiterated to the Ambassador on March 14 (septel).

14. (C) Borisov said that the GOR understood Azerbaijan's complicated task of balancing "difficult neighbors" -- Turkey, Iran and Georgia. Aliyev's support for Saakashvili is particularly sensitive to the GOR leadership, he added. For instance, when Aliyev refused to join in the 2006 Russian embargo on Georgian goods, the relationship hit the low point. Borisov dismissed the potential "trouble" created by the ties between the Azeri Lezgin minority and their relatives in Russia's Dagestan, saying that this was a

historic bond based on ethnicity and nothing more.

Armenia Factor

15. (C) Azeri Embassy Political Counselor Elnur Sultanov termed the bilateral relationship "good" with no particular political obstacles other than the Nagorno-Karabakh conflict and a few "surmountable irritants." The February 21 Putin-Aliyev meeting on the margins of the CIS informal summit focused on the Nagorno-Karabakh conflict in the context of Kosovo, and xenophobia in Russia. Sultanov reported that the Azeri community in Russia experienced xenophobic incidents on a weekly basis; Sultanov said he avoided riding the metro alone. He attributed prevalent social discrimination of South Caucasians to deeply-rooted prejudice, which official rhetoric could not easily transform.

16. (C) Sultanov also noted the labor drain in Azerbaijan caused by the 2007 Russian immigration law, which legalized many Azeris living in Russia. With its own economic boom to service, Azerbaijan cannot afford to lose skilled labor to Russia.

Azerbaijan More "Scratchy" than Armenia

17. (C) Fedor Lukyanov, Editor-in-Chief for Russia in Global Affairs, concluded that the Russia-Azerbaijan relationship was more "scratchy" than the Russia-Armenia relationship, with the former competing against Russia in many areas. Among the CIS countries, only Kazakhstan and Azerbaijan have a chance to become an economic power of the same stature as Russia, he added. Lukyanov maintained that despite Putin's "generous" offer of the use of the Gabala radar station to the U.S., the Azeris might not renew the lease -- expiring in 2012 -- to Russia.

18. (C) Aleksey Bogaturov, Dean of the Moscow State Institute of International Relations (MGIMO), thought that Azerbaijan has learned to calculate well -- when to approach and when to walk away from Russia, while at all times keeping Russian informed of their move. In turn, Putin has given Aliyev maximum "autonomy," avoiding any kind of ideological friction. In the absence of the China factor (unlike Kazakhstan), Azerbaijan, in fact, has more freedom with its Russia policy, said Bogaturov. Another Caucasus analyst, Vladimir Degoyev echoed them, saying that Azerbaijan was not the "best friend" of Russia but the two countries have found a modus operandi without defining their relationship. All noted the curious absence of the linkage between Kosovo and the Nagorno-Karabakh conflict in GOR official statements, saying, there was "too much Russian interest in Azerbaijan" and the GOR could not afford to annoy the Azeri government.

Comment

19. (C) Barring any significant changes in Nagorno-Karabakh, we expect the status quo for many months to come, beyond the Medvedev inauguration and Aliyev's re-election.

BURNS